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McGraw-Hill Publications Company
1221 Avenue of the Americas
New York, New York 10020

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6/7/82

June, 1981

10TH ANNUAL McGRAW-HILL SURVEY OF INVESTMENT IN EMPLOYEE SAFETY AND HEALTH

American business expects to raise capital expenditures for employee safety and health by just 1.7% this year to $5.2 billion (Table I). After adjusting for inflation, that would translate into a "real" decline in safety and health spending of some 5%-7%.

Beyond 1982, however, firms foresee fairly strong advances in investment for employee safety and health--about 10% per year through 1985. If these plans are realized, capital spending related to employee safety and health would reach a new peak.

These are the key findings of the "10th Annual McGraw-Hill Survey of Investment in Employee Safety and Health." The survey was conducted in March and April. It drew responses from firms that account for one-third of total capital spending in the U.S.

The 1982 safety and health plans reflect a sharp cutback in spending growth from 1981, when safety and health expenditures rocketed by 24% to $5.1 billion. That still leaves spending well below the peak of $6.6 billion in 1978 (Table III), and may represent some purchases deferred in 1979 and 1980 when investment in safety and health took a tumble.

The survey also found that during the next several years business expects to devote less than 2% of capital budgets to safety and health

(Table II). By contrast, investment in employee safety and health accounted for 2% or more of total capital spending for most of the 1970s (Table IV). This trend toward companies' allocating about 1.5% of capital budgets to safety and health seems to imply that required standards have in large part been met, and that much spending now is for replacement and modernization.

Industry Spending

Employee safety and health capital expenditure plans in 1982 are marked by many declines. Industries looking for a drop in expenditures include: iron and steel (-68%), airlines (-50%), food and beverages (-41%), railroads (-27%), nonferrous metals (-26%), other nondurables (-22%), stone, clay, glass (-20%), fabricated metals (-13%), petroleum (-13%), mining (-11%), instruments (-6%), and other durables (-1%).

On the other hand, a few industries plan large percentage increases: gas utilities (119%), machinery (65%), and rubber (33%). Double-digit percentage gains are also expected by electrical machinery, autos, trucks, and parts, paper and pulp, electric utilities, communications and other, and trade and services.

The overall 1982 increase of 1.7%, therefore, is a result of large advances planned by some industries being offset by decreases planned by other industries.

The industry that plans to invest the most in employee safety and health this year is communications and other--$762 million. Second is chemicals ($700 million), followed by mining ($693 million).

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NOTE: The other durables category listed in the tables includes lumber, furniture, jewelry, toys, and transportation equipment other than autos and aerospace. Other nondurables includes apparel, tobacco, printing and publishing, and leather. The trade and services category includes retail and wholesale trade, banking, holding companies, insurance companies, hotels, laundries, and personal and business services. The communications and other category includes construction firms and transportation services other than airlines and railroads.

TABLE I

PLANS FOR INVESTMENT IN EMPLOYEE SAFETY AND HEALTH
(Millions of Dollars)

INDUSTRY	Actual 1981	Planned 1982	% Change 1981-82	Planned 1983-85 Average Annual Expenditure	% Change 1982 to 1983-85 Average
Iron & Steel	$166.9	$ 53.1	-68.2%	$118.4	123.0%
Nonferrous Metals	78.5	57.6	-26.2	75.1	30.4
Electrical Machinery	144.4	181.2	25.5	297.9	64.4
Machinery	93.2	153.4	64.6	188.6	22.9
Autos, Trucks & Parts	106.7	132.6	24.3	276.6	108.6
Aerospace	64.1	70.0	9.2	76.7	9.6
Fabricated Metals	101.1	87 9	-13.1	98.2	11.7
Instruments	78.7	74.2	-5.7	125.8	69.5
Stone, Clay & Glass	77.5	62.4	-19.5	81.9	31.2
Other Durables	183.5	181.0	-1.4	193.3	6.8
TOTAL DURABLES	1,094.6	1,053.4	-3.8	1,532.5	45.5
Chemicals	674.3	700.4	3.9	900.7	28.6
Paper & Pulp	163.2	196.0	20.1	234.3	19.5
Rubber	74.5	99.4	33.4	131.2	32.0
Petroleum	240.6	209.0	-13.1	265.1	26.8
Food & Beverages	282.5	167.2	-40.8	220.7	32.0
Textiles	104.5	110.6	5.8	115.2	4.2
Other Nondurables	85.0	66.6	-21.6	46.6	-30.0
TOTAL NONDURABLES	1,624.6	1,549.2	-4.6	1,913.8	23.5
ALL MANUFACTURING	2,719.2	2,602.6	-4.3	3,446.3	32.4
Mining	778.6	692.7	-11.0	819.9	18.4
Railroads	80.6	58.7	-27.2	114.5	95.1
Airlines	16.3	8.1	-50.3	9.4	16.0
Electric Utilities	437.8	515.6	17.8	541.6	5.0
Gas Utilities	13.1	28.7	119.1	24.3	-15.3
Communications & Other	644.1	762.2	18.3	1,157.6	51.9
Trade & Services	422.4	529.6	25.4	577.4	9.0
ALL NONMANUFACTURING	2,392.9	2,595.6	8.5	3,244.7	25.0
ALL BUSINESS	5,112.1	5,198.2	1.7	6,691.0	28.7

TABLE II

EMPLOYEE SAFETY AND HEALTH INVESTMENT
AS A PERCENT OF CAPITAL SPENDING

INDUSTRY	Actual 1981	Planned 1982	Planned 1983-85 Average
Iron & Steel	5.3%	1.3%	2.8%
Nonferrous Metals	2.3	1.8	1.9
Electrical Machinery	1.4	1.7	2.4
Machinery	0.7	1.1	1.0
Autos, Trucks & Parts	1.1	0.9	1.4
Aerospace	1.0	1.1	1.3
Fabricated Metals	3.4	2.9	2.7
Instruments	3.4	2.6	3.6
Stone, Clay & Glass	2.5	1.9	2.4
Other Durables	2.7	2.9	2.7
TOTAL DURABLES	1.8	1.7	2.1
Chemicals	5.0	4.4	5.0
Paper	2.4	3.0	2.8
Rubber	4.2	4.6	5.0
Petroleum	0.9	0.8	0.7
Food & Beverages	3.4	2.3	2.8
Textiles	6.7	7.0	6.7
Other Nondurables	1.3	0.9	0.7
TOTAL NONDURABLES	2.5	2.3	2.4
ALL MANUFACTURING	2.1	2.0	2.2
Mining	4.6	4.3	3.9
Railroads	1.9	1.5	1.5
Airlines	0.4	0.2	0.3
Electric Utilities	1.5	1.6	1.9
Gas Utilities	0.2	0.3	0.2
Communications & Other	1.4	1.7	2.1
Trade & Services	0.5	0.6	0.5
ALL NONMANUFACTURING	1.2	1.3	1.4
ALL BUSINESS	1.6	1.6	1.7

TABLE III

INVESTMENT IN EMPLOYEE SAFETY AND HEALTH--HISTORICAL
(Millions of Dollars)

INDUSTRY	1972	1973	1974	1975	1976	1977	1978	1979	1980
Iron & Steel	$ 132	$ 86	$ 68	$ 57	$ 27	$ 33	$ 43	$ 56	$ 34.5
Nonferrous Metals	30	55	94	143	63	34	34	57	62.2
Electrical Machinery	68	74	77	82	106	107	125	153	160.4
Machinery	97	155	167	114	105	158	231	200	378.0
Autos, Trucks & Parts	144	169	370	80	40	198	159	349	92.3
Aerospace	22	35	66	59	74	70	84	158	28.2
Other Transportation Equipment	18	15	15	26	19	23	122	NA	NA
Fabricated Metals	19	33	45	30	31	115	84	98	35.9
Instruments	15	35	92	107	29	30	48	56	26.4
Stone, Clay & Glass	34	74	80	98	62	99	96	35	135.6
Other Durables	48	56	69	92	47	74	159	166	137.2*
TOTAL DURABLES	627	787	1,143	888	603	941	1,185	1,328	1,090.7
Chemicals	71	85	136	244	284	252	296	356	449.3
Paper	53	62	49	66	65	43	88	67	102.3
Rubber	14	34	132	66	31	30	36	48	144.8
Petroleum	62	168	197	240	118	228	446	146	165.5
Food & Beverages	92	98	97	109	192	154	203	126	151.2
Textiles	84	59	63	51	42	101	92	116	127.7
Other Nondurables	42	20	38	44	51	131	110	186	106.5
TOTAL NONDURABLES	418	526	712	820	783	939	1,271	1,045	1,247.3
ALL MANUFACTURING	1,045	1,313	1,855	1,708	1,386	1,880	2,456	2,373	2,338.0
Mining	101	103	222	171	134	305	13	114	362.3
Railroads	29	32	54	58	184	30	97	81	88.4
Airlines	48	36	25	24	52	17	253	60	52.7
Other Transportation	137	133	61	117	83	189	111	52	NA
Communications	305	739	536	458	541	565	704	418	488.0**
Electric Utilities	190	135	216	167	150	200	443	249	466.7
Gas Utilities	24	33	48	30	47	87	27	19	21.0
Trade & Services	1,400	1,092	1,386	1,109	838	1,018	2,541	951	310.6
ALL NONMANUFACTURING	2,234	2,303	2,548	2,134	2,029	2,411	4,189	1,944	1,789.7
ALL BUSINESS	3,279	3,616	4,403	3,842	3,415	4,291	6,645	4,317	4,127.7

* As of 1980 includes other transportation equipment.
** As of 1980 includes other transportation services.

TABLE IV

EMPLOYEE SAFETY AND HEALTH INVESTMENT
AS A PERCENT OF CAPITAL SPENDING—HISTORICAL

INDUSTRY	1972	1973	1974	1975	1976	1977	1978	1979	1980
Iron & Steel	12.3%	6.9%	3.5%	1.9%	0.9%	1.2%	1.7%	1.8%	1.1%
Nonferrous Metals	3.1	4.2	4.6	6.6	3.2	1.8	1.6	2.4	2.0
Electrical Machinery	2.4	2.1	2.0	2.6	2.9	2.3	2.2	2.1	1.7
Machinery	3.0	3.9	3.2	2.3	1.9	2.4	3.2	1.9	3.3
Autos, Trucks & Parts	4.8	4.4	8.6	2.4	1.1	3.4	2.2	4.2	1.0
Aerospace	3.3	4.0	4.4	3.5	4.4	3.5	2.6	3.0	0.4
Other Transportation Equipment	2.4	1.6	1.4	2.9	1.8	1.9	7.7	NA	NA
Fabricated Metals	1.3	1.8	2.3	1.5	1.4	4.6	2.9	3.2	1.2
Instruments	1.7	3.0	7.7	10.1	2.6	2.2	3.0	3.2	1.2
Stone, Clay & Glass	2.5	4.7	4.9	5.9	3.3	4.4	3.1	0.9	3.5
Other Durables	2.3	2.2	2.5	3.8	1.9	2.5	4.8	NA	1.9*
TOTAL DURABLES	3.4	3.5	4.2	3.4	2.1	2.8	2.9	2.6	1.5
Chemicals	2.1	2.0	2.1	3.2	3.5	3.1	3.5	3.3	3.6
Paper	3.6	3.1	1.7	2.2	2.1	1.2	2.2	1.2	1.5
Rubber	1.4	2.2	8.4	5.7	2.4	2.5	1.7	2.2	8.4
Petroleum	1.3	3.6	2.7	2.5	1.1	1.8	3.2	0.9	0.8
Food & Beverages	2.8	2.7	2.4	2.7	4.0	3.0	3.4	1.9	2.0
Textiles	7.9	5.7	5.8	5.7	4.0	8.0	6.7	7.7	7.9
Other Nondurables	1.9	0.8	1.6	1.9	2.2	4.8	3.2	3.9	1.8
TOTAL NONDURABLES	2.4	2.7	2.8	2.9	2.5	2.7	3.2	2.2	2.2
ALL MANUFACTURING	3.0	3.1	3.5	3.1	2.3	2.7	3.1	2.4	2.0
Mining	3.5	3.1	4.8	2.8	1.8	3.3	1.3	1.0	2.7
Railroads	1.7	1.5	2.0	2.0	6.4	1.0	2.8	2.0	2.1
Airlines	2.2	1.7	1.3	1.5	4.5	0.8	8.2	1.5	1.3
Other Transportation	4.8	4.2	1.7	2.8	1.7	4.5	2.7	1.2	NA
Communications	3.4	3.5	2.3	2.1	2.3	2.1	2.2	1.2	1.2**
Electric Utilities	1.4	0.9	1.3	1.0	0.8	0.9	1.8	0.9	1.7
Gas Utilities	0.9	1.1	1.5	0.9	1.3	1.9	0.5	0.3	0.3
Trade & Services	3.5	2.4	2.9	2.4	1.7	1.8	3.7	1.2	0.4
ALL NONMANUFACTURING	3.0	2.4	2.5	2.1	1.8	1.9	2.8	1.1	1.0
ALL BUSINESS	2.7	2.6	2.8	2.4	2.0	2.2	2.9	1.6	1.4

* As of 1980 includes other transportation equipment.
** As of 1980 includes other transportation services.